

HOUSE BILL REPORT

HB 1324

As Reported by House Committee On:
Local Government

Title: An act relating to transferring ferry and flood control zone district functions and taxing authorities to county legislative authorities in counties with a population of one million five hundred thousand or more.

Brief Description: Transferring ferry and flood control zone district functions and taxing authorities to county legislative authorities in counties with a population of one million five hundred thousand or more.

Sponsors: Representatives Fitzgibbon, Springer, Upthegrove, Ryu, Dahlquist, Maxwell, Kochmar and Hargrove.

Brief History:

Committee Activity:

Local Government: 2/5/13, 2/22/13 [DPS].

Brief Summary of Substitute Bill

- Authorizes any county with a population of 1.5 million or more to assume by ordinance or resolution all rights, powers, functions, and obligations of a county ferry district.
- Establishes procedures and requirements for counties assuming the rights, powers, functions, and obligations of a county ferry district pursuant to the act.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Takko, Chair; Fitzgibbon, Vice Chair; Kochmar, Assistant Ranking Minority Member; Buys, Liias, Springer and Upthegrove.

Minority Report: Do not pass. Signed by 1 member: Representative Taylor, Ranking Minority Member.

Staff: Michaela Murdock (786-7289).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

County Ferry Districts.

Governance and Formation. Counties are authorized to construct, condemn, or purchase, operate, and maintain ferry systems under the direction and control of the county legislative authority. In lieu of the county operating and maintaining a ferry system, the county legislative authority may adopt an ordinance creating a county ferry district (district) in all or a portion of the area of the county.

The ordinance may be adopted only after a public hearing has been held, and the county makes a finding that it is in the public interest to create the district. The members of the county legislative authority, by virtue of their office, compose the governing body of any district created in their county.

Powers and Duties. A district may construct, purchase, operate, and maintain passenger-only ferries or wharves at any unfordable stream, lake, estuary, or bay within or bordering the district, or between the district and other districts, together with the necessary boats, grounds, roads, approaches, and landings. A ferry district may provide services for free or may charge a toll.

Finances. A district is an independent taxing authority and a taxing district within the meaning of the state Constitution. The governing body of a district may levy an ad valorem tax on all taxable property located within the district not to exceed 75 cents per \$1,000 of assessed value, except that a district located in a county with a population of 1.5 million or more may not levy at a rate that exceeds 7.5 cents per \$1,000 of assessed value. Revenue from the tax may only be used for providing ferry services, operating, maintaining and improving vessels and dock facilities, providing shuttle services, landside improvements directly related to ferry services, and related personnel costs. A district may also impose excess levies for a one-year period to be used for operating or capital purposes whenever authorized by the electors of the district. A district may incur general indebtedness and issue general obligation bonds.

Dissolution. In order to dissolve a district, a petition must be signed by a majority of the members of the county legislative authority and be presented to the superior court of the county. If the court finds that dissolution is in the best interests of all persons concerned and issues an order of dissolution, the district's assets are sold. All proceeds of the sale, together with any cash assets, are used to pay for outstanding claims and related costs and expenses. Remaining proceeds and cash assets are paid to the county treasurer and credited to the school districts in the county. Any dissolution may be subject to potential review by a boundary review board.

County Population.

King County is currently the only county with a population exceeding 1.5 million.

Summary of Substitute Bill:

County Ferry Districts.

Vesting of Governing Powers to the County. Any county with a population of 1.5 million or more may assume the rights, powers, functions, and obligations of a county ferry district (district) with boundaries coterminous with the boundaries of the county. The county legislative authority may initiate county assumption of the rights, powers, functions, and obligations of a district by adopting an ordinance or resolution indicating its intent to conduct a hearing on the matter.

The county legislative authority must consider assumption of the rights, powers, functions, and obligations of a district, as well as hear all protests and objections to it, at a public hearing. If after the public hearing, the county legislative authority finds that the public interest would be satisfied by such an assumption, it may declare and assume the rights, powers, functions, and obligations of a district. Subsequently, all rights, powers, functions, and obligations granted to or possessed by the district vest to the county, and the governing body of the district must be abolished. All future actions must be taken in the name of the county and title to all property vests to the county.

Transferring of Powers, Duties, and Assets. All pending business before the board of the transferred district must be continued and acted upon by the county. All existing contracts and obligations of the transferred district remain in full force and effect and must be performed by the county. Employees and personnel of the district do not automatically become employees of the county.

All real and personal property owned by the district becomes that of the county. All documents relating to the administration of the district; all furniture, equipment, or vehicles; all funds, credits, or other assets; and any appropriations or federal grants to the district must be transferred, credited, or otherwise made available to the county.

Finances. The county assumes the district's powers to finance a ferry system. The county legislative authority must act in the same manner as the governing body of the district for the purpose of certifying the amount of any property tax to be levied and collected, and may impose service charges and assessments. An ad valorem property tax levied by a county must be treated as a levy by a district for all purposes.

The county may perform all acts necessary to ensure the performance of the contractual obligations of the district in the same manner as if the property of the district had not been acquired by the county. The county must assume and agree to provide for the payment of all of the district's debts and obligations, including payment and retirement of outstanding general obligation and revenue bonds. Until the district's debts and obligations are discharged, the owners and occupants of the property located within the district are liable for taxes, assessments, and other charges legally pledged to pay the district's debts and obligations.

Substitute Bill Compared to Original Bill:

In the underlying bill, any county with a population of 1.5 million or more is authorized to assume by ordinance or resolution, in addition to a county ferry district, all rights, powers, immunities, functions, and obligations of a flood control zone district that shares the same

boundaries as the county. The substitute bill does not contain this authorization. All references and procedures related to the assumption of flood control zone district functions that are in the underlying bill have been removed from the substitute bill. Consequently, the substitute bill only concerns county ferry districts.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill will promote efficiency by authorizing King County to act directly for county ferry and flood control zone districts. Currently, administrative positions in the districts duplicate work already done by county administrators. For example, county council members also serve as the supervisors and board of directors for the districts.

The bill will allow King County to streamline its administrative operations and provide services to the districts in a more efficient manner. It is estimated that doing so will save \$1 million per year. By saving on these administrative costs, the bill will allow more of those dollars to go toward district projects. Additionally, the bill has no state fiscal impact.

The bill does not alter the underlying statutes. It requires that funds for district projects and services remain with those projects and services, and the funds cannot be blended with the County General Fund.

The reason that the bill addresses employees of ferry districts and not employees of flood control zone districts is because King County's ferry district has one employee that works directly for the ferry district, while the King County flood control zone district does not have any employees.

(With concerns) There is concern about the impact the bill will have on the Green River Valley levies in King County. The commercial area along the Green River provides a lot of jobs in the area and drives the economic engine of the county. Constituents are concerned that flood control projects like the levies will be given lower priority if administration of the flood control/zone district is taken over by the county. The fact that enterprise funds will only be used for projects that they were intended for is well-received.

(Opposed) None.

Persons Testifying: (In support) Representative Fitzgibbon, prime sponsor; Genesse Adkins and John Resha, King County; and Lorrie McKay, City of Kirkland.

(With concerns) Jeanette McKague, Washington Realtors.

Persons Signed In To Testify But Not Testifying: None.